



LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 87**
Streamlining Draft **AGOPRM 23**

Date: January 14, 2010 1:11 PM	Author:
Dept./Agy.: Corrections	Analyst: Matthew LaBruyere
Subject: Inmate medications	

Proposed recommendation by the Commission on Streamlining Government calls for the Department of Public Safety and Corrections - Corrections Services expand its partnership with Louisiana State University Health Sciences Center - Shreveport to provide the more costly medications to inmates in the Shreveport region.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed recommendation could result in a decrease in state general fund expenditures (SGF) if the Department of Corrections offenders visiting Louisiana State University Health Care Service Division (LSU HSCD) Hospitals are able to meet the requirements for the 340B Drug Pricing Program offered by the U.S. Department of Health and Human Services.

Currently, the Department of Corrections has partnered with LSU HSCD to receive medication for the HIV positive population at a heavily discounted price through the 340B program. The department is working with LSU HSCD for offenders to receive medications at the reduced rate at each LSU HSCD hospital that offenders receive medical care. During the mid year budget cuts, pharmaceutical supplies funding for incarceration programs decreased at 3 facilities to reflect 340B pricing, but the pricing was not implemented. Louisiana State Penitentiary (LSP) was cut \$50,000, Louisiana Correctional Institute for Women (LCIW) was cut \$56,000, and Elayn Hunt Correctional Center (EHCC) was cut \$200,000. If offenders are able to receive 340B prescriptions, they will be filled by pharmacists at LSU HSCD hospitals and the Department of Corrections will pay for the medication on a monthly basis.

The department is also working with LSU HSCD to open a medical clinic at Elayn Hunt Correction Center. The opening of the clinic will allow the Department of Corrections to house the offenders that need the most medical care in one place, receive 340B pricing, and reduce costs associated with transporting offenders to hospitals.

According to the Department of Corrections, the cost per van per day to bring an offender from LSP to Earl K. Long Hospital is \$400. This includes the costs of 2 security officers, gas, and regular maintenance associated with the van. Currently, Earl K. Long hospital sees an average of 500 offenders per month from LSP, LCIW, EHCC, and Dixon Correctional Institute.

The total decrease of state general fund expenditures cannot be determined due to the fact that the Department of Corrections is unable to determine how many medications will be prescribed by doctors and how many medications will be filled by pharmacists throughout the year.

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REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	H. Gordon Monk Legislative Fiscal Officer
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	



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However, there will be a decrease in SGF as a result of the lower cost of medications (30% less on average according to the Department of Corrections) purchased by the Department of Corrections through the 340B Pricing Program.

For illustrative purposes, if the Department of Corrections is able to purchase medication, on average, at a 30% lower cost at all correctional facilities, the department could save almost \$1.9 million (\$6,328,138 x 30%). The FY 11 budgeted amount for all correctional facilities’ pharmaceutical supplies is \$6,328,138. A savings of 30%, would decrease the amount to \$4,429,697 (\$6,328,138 - \$1,898,441).

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<u><i>H. Gordon Monk</i></u>
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	H. Gordon Monk
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